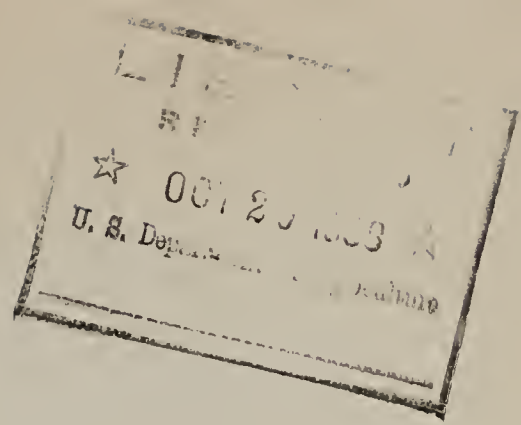


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NCR-Prelim. 39-2

NATIONAL FARM PROGRAM NEEDED TO PROTECT
SOIL FERTILITY AND FARM INCOMES

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U. S. Department of Agriculture
Agricultural Adjustment Administration
North Central Division

FARM INCOMES RISE AND FALL WITH CITY INCOMES

- The Story in Words -

American farmers are interested in three things concerning the Nation's wealth. First, they want to obtain their fair share of the national income. Second, they want nonagricultural income to be maintained, for a large decline in consumer income brings a large decline in farm income. Third, they want the Nation's natural wealth of soil fertility conserved, because it is the enduring basis of farm and national prosperity.

A fair share of the national income for farmers means larger farm incomes than farmers have received since the War. Before the War, farm income made up about 16 to 17 percent of the national income. Since the War, largely because of rigid industrial prices and large farm production when export markets were lost, farmers have been receiving a smaller part of the national income. After the War, farm income made up only 10 to 12 percent of the national income. It then fell to between 5 and 6 percent in 1932 and recovered to 10 percent in 1937. On a per capita basis, and in line with past experience, this figure should be more nearly 12 percent.

As the A.A.A. Farm Program became effective and farm surpluses were eliminated since the low spot in 1933, farm prices have been improving. By 1937, farm income was more than twice as great as it was in 1932 and 1933.

In 1937, the total production of the 53 principal farm commodities was 6 percent greater than in any other year on record. Farmers produced the largest cotton crop in our history, the largest wheat crop since 1931, and the largest corn crop since 1932. The result was a fall in farm prices when the large crops were harvested.

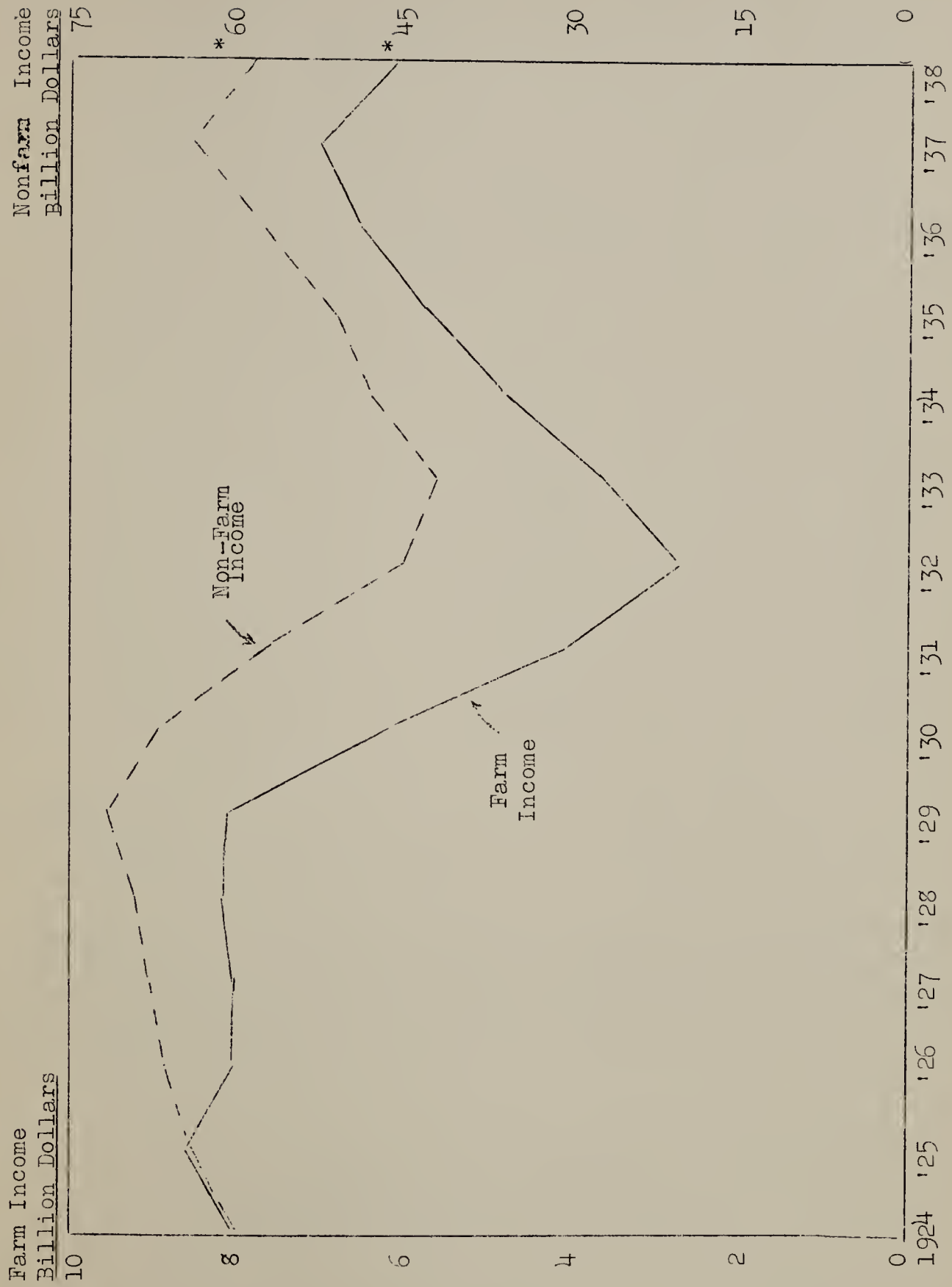
At the end of 1937, industrial production sagged, unemployment increased, and wages declined. These conditions further depressed farm prices in 1938, and farm income will be lower this year than in 1937.

Surveys show that the great opportunity in expanding the market for farm products lies in the lower income groups--those families receiving less than \$1,500 per year. Families with incomes of more than \$3,000 per year would increase their food purchases by only about \$3 with an additional \$100 income. But with the families receiving less than \$1500 it's another story.

It has been found that families in this income bracket would probably spend between \$20 and \$40 for food out of an additional income of \$100. This possible increase in food expenditures in the low income group is highly important to farmers because about 65 percent of the families in the United States fall in this group. Consequently, the farmers' concern over raising the incomes of this group should possibly be quite as great as it is in a balanced production program. It is really, as Secretary Wallace has termed it, "the other half of the farm problem."

FARM INCOMES RISE AND FALL WITH CITY INCOMES

--The Story on a Chart--



* Preliminary

FARM INCOMES RISE AND FALL WITH CITY INCOMES
-The Story in Figures-

	NonFarm Income <u>1/</u> (<u>Million Dollars</u>)	Farm Income <u>2/</u> (<u>Million Dollars</u>)
1924	60,136	8,024
1925	63,978	8,602
1926	66,740	8,055
1927	67,636	8,049
1928	69,182	8,177
1929	71,526	8,150
1930	67,169	6,287
1931	57,315	4,087
1932	45,456	2,742
1933	42,315	3,657
1934	48,288	4,852
1935	51,669	5,778
1936	58,183	6,589
1937	63,920	7,089
1938*	58,800	6,130

* Preliminary

1/ Nonagricultural Income Paid Out.

2/ Agriculture's Contribution to the National Income. The figures on nonfarm income are on a net income basis. Therefore, gross farm income and cash income from marketings, issued by the Bureau of Agricultural Economics, are not comparable. Agriculture's contribution to the national income comes closest to net farm income of figures now available.

:

Source: U. S. Department of Agriculture,
Agricultural Adjustment Administration.

BIG CORN SUPPLIES BRING LOW CORN PRICES

-The Story in Words-

When corn supplies are large, corn prices are low. Large corn supplies in excess of current needs force down farm income from corn production.

The production of corn in 1938 on the basis of the September crop report is expected to be about 2,455,000,000 bushels. With the estimated carryover of 320,000,000 bushels, this will provide a total supply of about 2,775,000,000 bushels. The years 1927, 1932, and 1933 are the only years during the period 1927 to date when the total supply of corn has exceeded this level.

The estimated carryover of 320,000,000 bushels on October 1, 1938, has been exceeded only in 1933 and 1934. The carryovers in those two years reflected the excessive crop of 1932 when farmers suffered from 10 cent corn.

The average planted corn acreage from 1927 to 1936 is 102,640,000 acres. An average yield of 26 bushels on an acreage this large would produce a crop of about 2,670,000,000 bushels. That would be larger than the large 1937 crop. With a corn carryover as large as this year's carryover of about 320,000,000 bushels, the total supply of corn would be nearly 3,000,000,000 bushels.

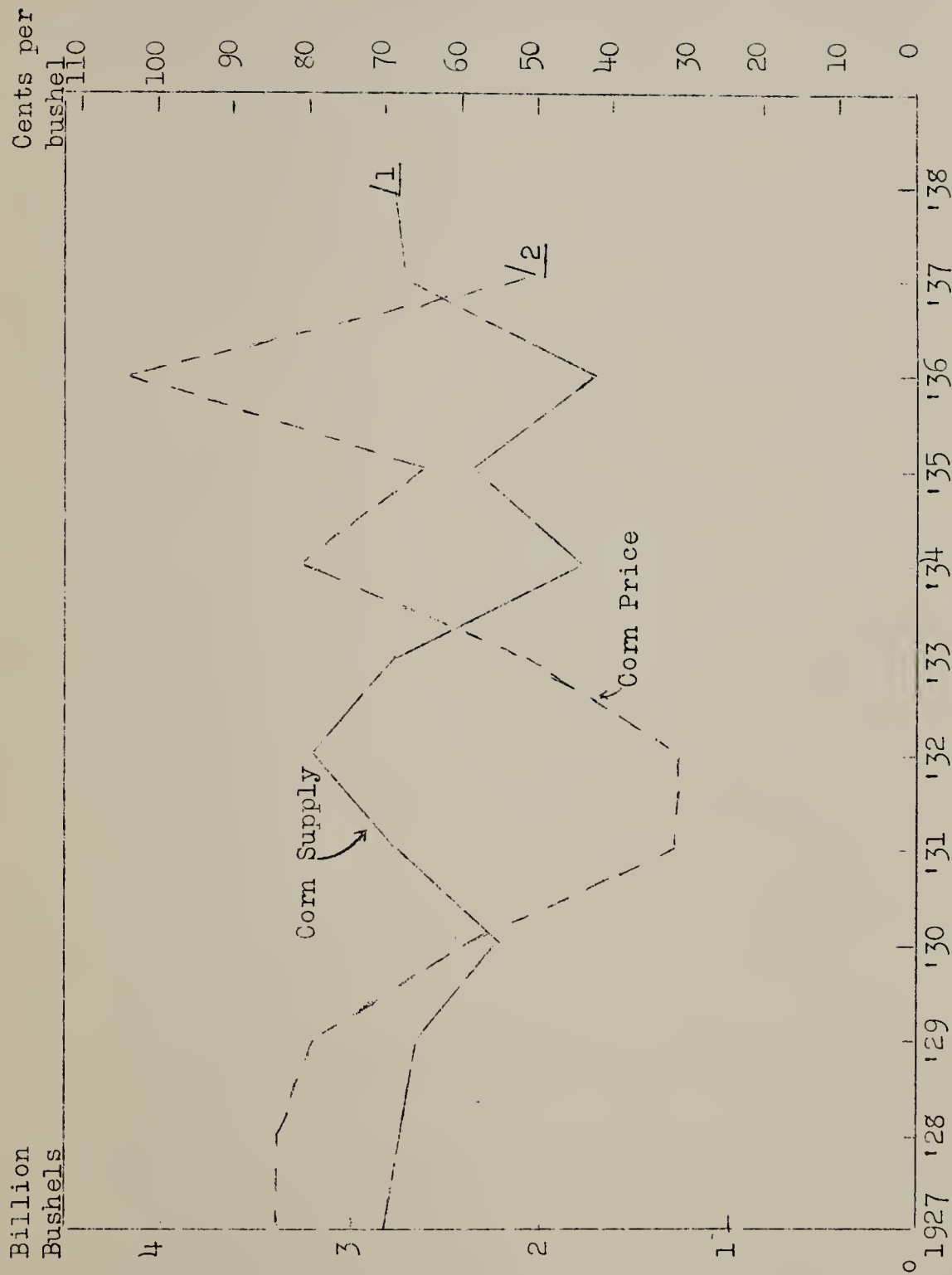
With yields as high as the 1937 average of 28.2 bushels per acre the total supply would be more than 3,200,000,000 bushels. The only years since the War when corn supplies have exceeded 3,000,000,000 bushels are 1920, 1921, and 1932 when farmers suffered their most severe collapses of prices and incomes.

Corn farmers get the best incomes from normal size crops. Excessive supplies destroy farm income. The extremely short crop of 1936 had a market value even greater than the large crop of 1937. The value of the 1936 crop was about \$1,600,000,000 while the value of the large 1937 crop was only about \$1,400,000,000.

Corn farmers need protection from price collapses which reduce their incomes. Greater stability of corn supplies is needed to improve corn farmers' incomes.

BIG CORN SUPPLIES BRING LOW CORN PRICES

--The Story on a Chart--



1 Preliminary estimate for year beginning Oct. 1. 1938
2 " " " average farm price, Oct. 1937-Sept. 1938

BIG CORN SUPPLIES BRING LOW CORN PRICES
-The Story in Figures-

Year	Acreages Planted	Yield <u>2/</u>	Production (all purposes)	Carryover Oct. 1 <u>3/</u>	Total Supply Oct. 1 (3 + 4)	Average Farm Price Oct.- Sept.
	1	2	3	4	5	6
	1000 acres	bushels	1000 bu.	1000 bu.	1000 bu.	cents
1927	98,460	26.6	2,616,120	217,282	2,833,402	85.0
1928	100,399	26.6	2,665,516	92,200	2,757,716	84.0
1929	97,898	25.8	2,521,032	148,340	2,669,372	79.9
1930	101,813	20.5	2,080,421	136,332	2,216,753	59.6
1931	108,469	24.1	2,575,611	167,771	2,743,382	32.0
1932	112,061	26.5	2,931,281	270,333	3,201,614	31.9
1933	108,527	22.6	2,399,632	386,321	2,785,953	52.2
1934	99,806	15.8	1,461,123	337,090	1,798,213	81.5
1935	98,372	24.0	2,303,747	65,076	2,368,823	65.5
1936	100,599	16.2	1,507,089	179,547	1,686,636	104.2
1937 <u>1/</u>	96,483	28.2	2,644,995	66,222	2,711,217	52.3
1938 <u>1/</u>	92,675	26.6	2,454,526	320,000	2,774,526	
Averages: 1927-36	102,640	22.9	2,306,157	200,029	2,506,186	67.6

1/ Preliminary.

2/ Harvested basis. Acreage harvested, rather than acreage planted, multiplied by yield gives production.

3/ Stocks on Farms Oct. 1, plus commercial stocks Saturday nearest the first of the month.

Source: U.S.D.A., Bur. of Agri. Econ.

BIG CORN SUPPLIES BRING BIG HOG SUPPLIES AND LOW HOG PRICES

-The Story in Words-

Peaks of corn supplies in the United States were reached in 1920 and 1921, in 1925 and 1926, and in 1931 and 1932. In each case these peaks in corn supplies brought peaks in hog supplies.

Two years of large corn supplies amounting to 3,300,000,000 and 3,200,000,000 bushels in 1920 and 1921 were followed by high levels of hog slaughter. In 1922 Federally inspected hog slaughter was about 11,400,000,000 pounds and in 1923 it was about 12,000,000,000 pounds.

The peaks of corn supplies in 1925 and 1926, followed by hog slaughter peaks in 1927 and 1928, were not particularly severe. Furthermore, they were accompanied by high levels of consumer buying power, which, with supply, is an important factor in determining hog prices.

In 1931 and 1932 corn supply peaks of 2,750,000,000 and 3,200,000,000 bushels were reached. At that time the price of corn fell lower than in any year since 1900. As a result the corn supply peak was immediately translated into a high peak in hog supplies. Federally inspected slaughter was about 10,900,000,000 pounds in 1932. In 1933 slaughter would have been approximately the same, but the excess supply was reduced by the hog purchase program in 1933.

The peaks of hog supplies in 1932 and 1933 were accompanied by the lowest level of consumer buying power since before the World War. As a result hog prices collapsed.

When consumer buying power is low, farm incomes from hog production cannot be maintained with hog production at high peaks. At the present level of consumer buying power, hog prices, fair to farmers and consumers alike, will usually be maintained with a Federally inspected hog slaughter of about 9 to 9 1/2 billion pounds. This would hold hog prices with existing low consumer incomes at about \$7.00 to \$7.50. If consumer incomes improve to the level of last year, 9 1/2 to 10 billion pounds of hogs could be sold by farmers under Federal inspection, and the price to farmers would probably stabilize around \$7.50 to \$8.00 per 100 pounds.

During the hog marketing year beginning October 1, 1938, Federally inspected hog slaughter will probably still be about one billion pounds short of nine billion. This is because the severe drought years of 1934 and 1936 are still reflected in livestock numbers. However, the prospective supply of feed grains is about 107,000,000 tons, which is about the same as the 1928-32 average. The indicated supply per grain-consuming animal unit is slightly smaller than the very large supplies last year but larger than in any other of the past 12 years.

The large feed supplies will virtually assure a return to a desirable hog supply level at the end of next year. However, livestock producers will be in danger of excessive livestock supplies which will bring low livestock prices unless feed grain supplies are held in check. Corn

is the major grain used as livestock feed. The AAA Farm Program aims to bring stability in livestock supplies and prices through stabilized corn supplies.

Production and prices of beef cattle and dairy products tend to vary directly with corn and hog production and prices. A collapse of corn prices will bring ruin to cattle and dairy producers. Stability of corn supplies and prices will protect incomes from cattle and dairy production.

BIG CORN SUPPLIES BRING BIG HOG SUPPLIES

-The Story On a Chart-

Peaks of Corn Supplies

Peaks of Hog Supplies

1920	3,300,000,000 bushels
1921	3,200,000,000 bushels
1925	2,800,000,000 bushels
1926	2,700,000,000 bushels
1931	2,750,000,000 bushels
1932	3,200,000,000 bushels
1937	2,700,000,000 bushels
1938 ⁴	2,800,000,000 bushels

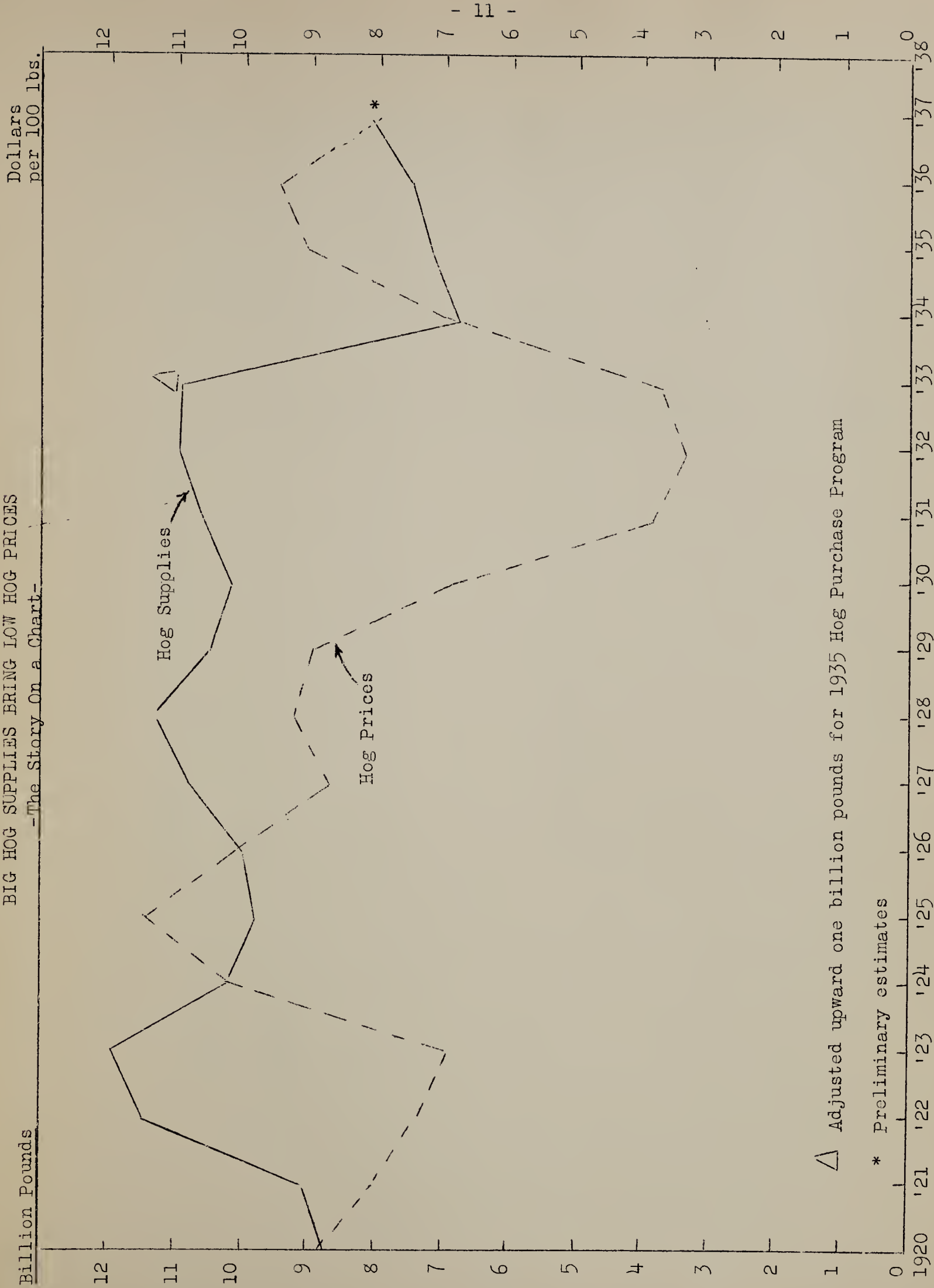
1922	11,400,000,000 pounds
1923	12,000,000,000 pounds
1927	10,800,000,000 pounds
1928	11,300,000,000 pounds
1932	10,900,000,000 pounds
1933*	10,900,000,000 pounds
1939	?
1940	?

* Adjusted upward one billion pounds for 1933 Hog Purchase Program

4 Preliminary

BIG HOG SUPPLIES BRING LOW HOG PRICES

-The Story On a Chart-



△ Adjusted upward one billion pounds for 1935 Hog Purchase Program

* Preliminary estimates

BIG CORN SUPPLIES BRING BIG HOG SUPPLIES AND LOW HOG PRICES
-The Story in Figures-

Year	Total Supply of Corn	Federal Inspected Hog Slaughter (Oct. - Sept.)	Farm Price of Hogs (Oct. - Sept.)
	1	2	3
	(000,000 bushels)	(000,000 pounds)	(Dollars per 100 lb.)
1920	3,296	8,571	8.91
1921	3,265	9,157	8.10
1922	2,975	11,440	7.41
1923	3,010	12,013	6.85
1924	2,397	10,258	10.15
1925	2,904	9,776	11.55
1926	2,823	10,009	10.28
1927	2,836	10,823	8.59
1928	2,758	11,321	9.28
1929	2,670	10,530	8.95
1930	2,218	10,200	6.95
1931	2,744	10,624	3.78
1932	3,202	10,918	3.36
1933	2,786	10,872 ^{2/}	3.73
1934	1,798	6,742	6.97
1935	2,369	7,191	9.13
1936	1,687	7,538	9.44
1937	2,711	8,153 ^{1/}	8.00 ^{1/}
1938	2,775 ^{1/}		

^{1/} Preliminary.

^{2/} Adjusted upward one billion pounds for effect of 1933
Hog Purchase Program.

Source of Data:

U. S. Dept. of Agri.,
Bur. Agri. Econ.

LARGE U. S. WHEAT SUPPLIES BRING LOW PRICES

-The Story in Words-

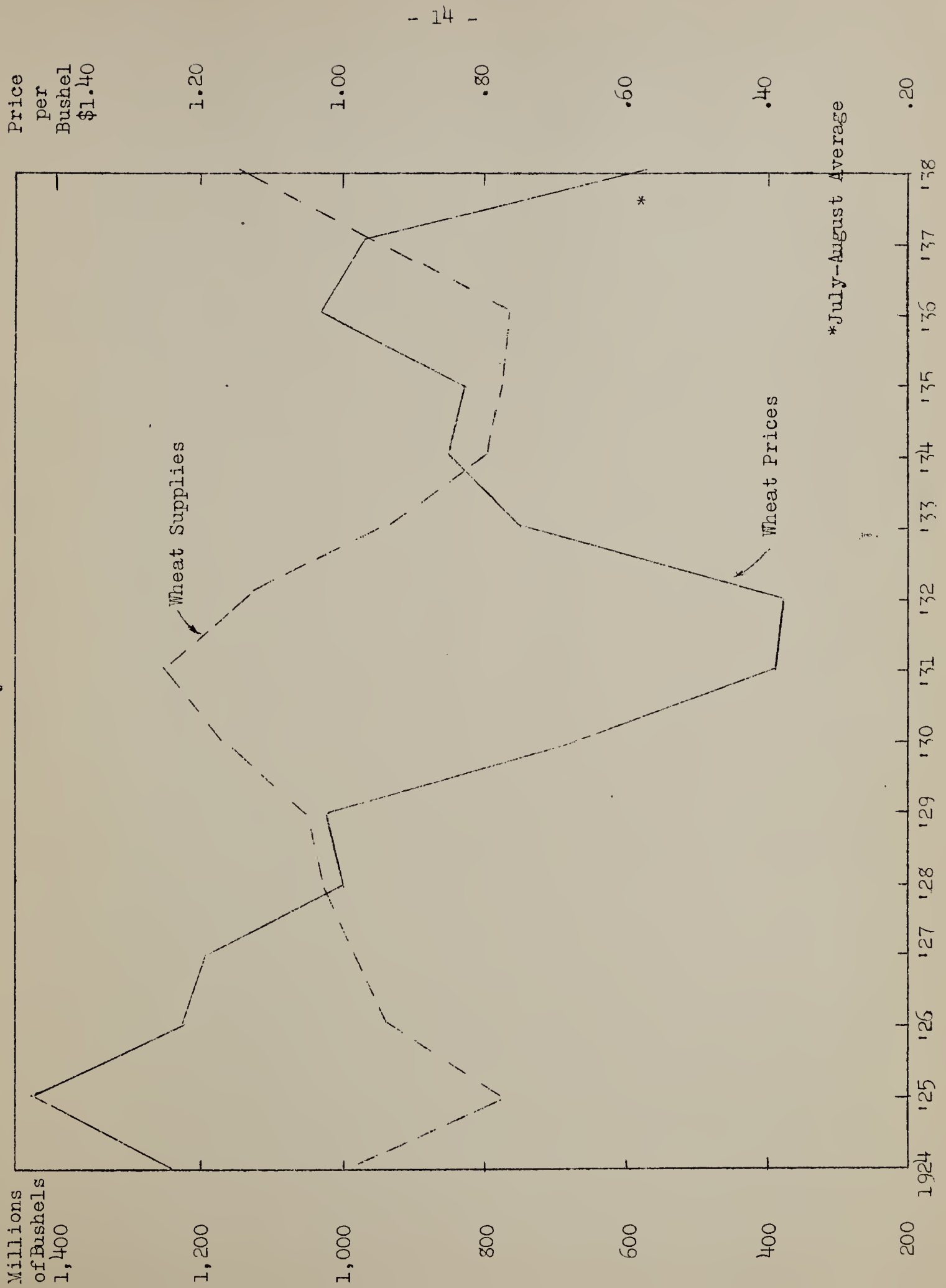
Farmers in all sections of the United States, for various reasons, have been increasing their wheat acreages during the last few years. The seeded acreage in each of the years 1937 and 1938 was more than 81 million acres -- or about 14 million acres more than the 1928-32 average. At normal yields of 12 bushels per acre, an abundance of wheat for domestic needs (650 million bushels per year) and average exports (70 million bushels per year) could have been produced on about 63 million acres -- or about 18 million acres less than were actually seeded.

Low prices are the natural result of such excessive supplies as are indicated on the following chart. Wheat farmers will recall their experience in 1930, 1931, and 1932. Those were the only other three years when production and carryover amounted to more than 1,100 million bushels. In those years prices averaged 67, 38, and 39 cents per bushel, respectively. Cash income from wheat declined from \$864,000,000 in 1927 to \$179,000,000 in 1932 and then in 1937 returned to \$666,549,000.

During 1938-39 wheat prices, despite the stabilizing effects of the 60-cent wheat loans, are bound to be considerably less than last year's prices. Possibly, they will average the lowest since 1933. This is the direct result of unlimited production in the face of a fairly steady domestic demand and a definite maximum to which the wheat export movement may be expanded.

LARGE U.S. WHEAT SUPPLIES BRING LOW PRICES

-The Story on a Chart-



LARGE U.S. WHEAT SUPPLIES BRING LOW PRICES

-The Story in Figures-

Year	Seeded Acreage	Yield	Production	Carryover <u>1/</u>	Total Supply <u>2/</u>	Farm Price
	1	2	3	4	5	6
	thousand acres	bushels	million bushels	million bushels	million bushels	cents per bushel
1924	55,706	16.0	842	137	979	124.7
1925	61,738	12.8	669	108	777	143.7
1926	60,712	14.7	832	100	932	121.7
1927	65,661	14.7	875	110	985	119.0
1928	71,152	15.4	914	112	1,026	99.8
1929	66,840	13.0	823	228	1,051	103.6
1930	67,150	14.2	887	289	1,176	67.1
1931	65,998	16.3	942	313	1,255	39.0
1932	65,913	13.1	757	375	1,132	38.2
1933	68,485	11.2	552	378	930	74.4
1934	63,562	12.1	526	274	800	84.8
1935	69,207	12.2	626	148	774	83.2
1936	73,724	12.8	627	142	769	102.6
1937	81,362	13.6	874	102	977	96.3
1938 <u>3/</u>	81,088	11.6	940	174	1,114	56.0 <u>4/</u>

1/ Includes small total amount of new wheat in some years prior to 1937.

2/ Total supply as defined in the Agricultural Adjustment Act of 1938 is carryover plus production.

3/ Preliminary estimates.

4/ Average of July and August, 1938.

Source: U. S. D. A., Bur. of Agr. Economics.

CORN IMPORTS DISAPPEAR; EXPORTS REACH HIGH PEAK.

-The Story in Words-

The following chart shows the annual United States imports and exports of corn since 1923. The most noticeable recent shift shown in this chart is the sharp increase in exports within the last year and the virtual disappearance of imports.

On September 30, 1938, this country completed the second largest corn export movement that had taken place in any crop year since 1900; it amounted to about 130 million bushels. Primary reason for this unusual export movement was the crop failure in Argentina -- the world's chief corn-exporting nation. Coupled with this situation was our own above-average 1937 crop.

Present prospects are for a continuation of our corn exports at about their present rate for the next six months -- or until the new Argentine crop comes on to the market next spring. Nevertheless, we cannot expect to maintain this volume of exports during periods of normal Argentine crops. Exports are not a panacea for large surpluses. Corn exports probably could not be maintained at such high levels as last year even with very low prices.

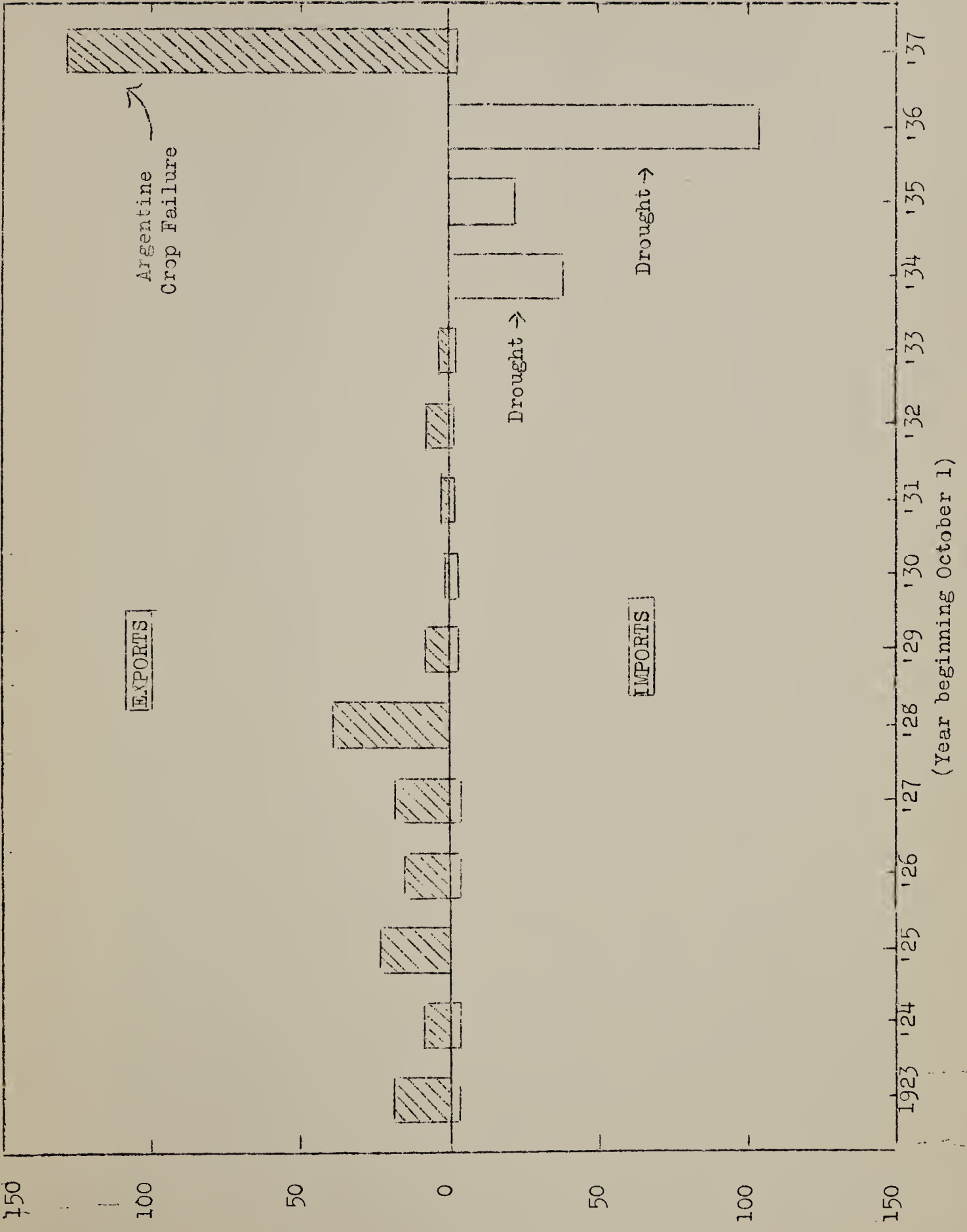
Corn imports during the first seven months of this year dropped away to only 281,974 bushels, or about three-tenths of one percent of the United States exports during the same period. The relatively large imports which entered this country in 1935, 1936 and early 1937 were entirely the result of the 1934 and 1936 droughts -- and the short supplies and high prices of those years.

Such competitive farm imports generally tend to increase at a time of high domestic prices. They are not necessarily undesirable. At no time is their value more than a fraction of the value of the income of the American farmers. Without high prices and high incomes we would not be able to buy the goods offered by other nations. Imports of corn in drought years are a protection for farmers who have to buy feed when crops are short and prices high. Too, if American farmers expect to have foreign markets for any of their products, they must look for the importation of some products into this country.

CORN EXPORTS LARGEST IN 15 YEARS

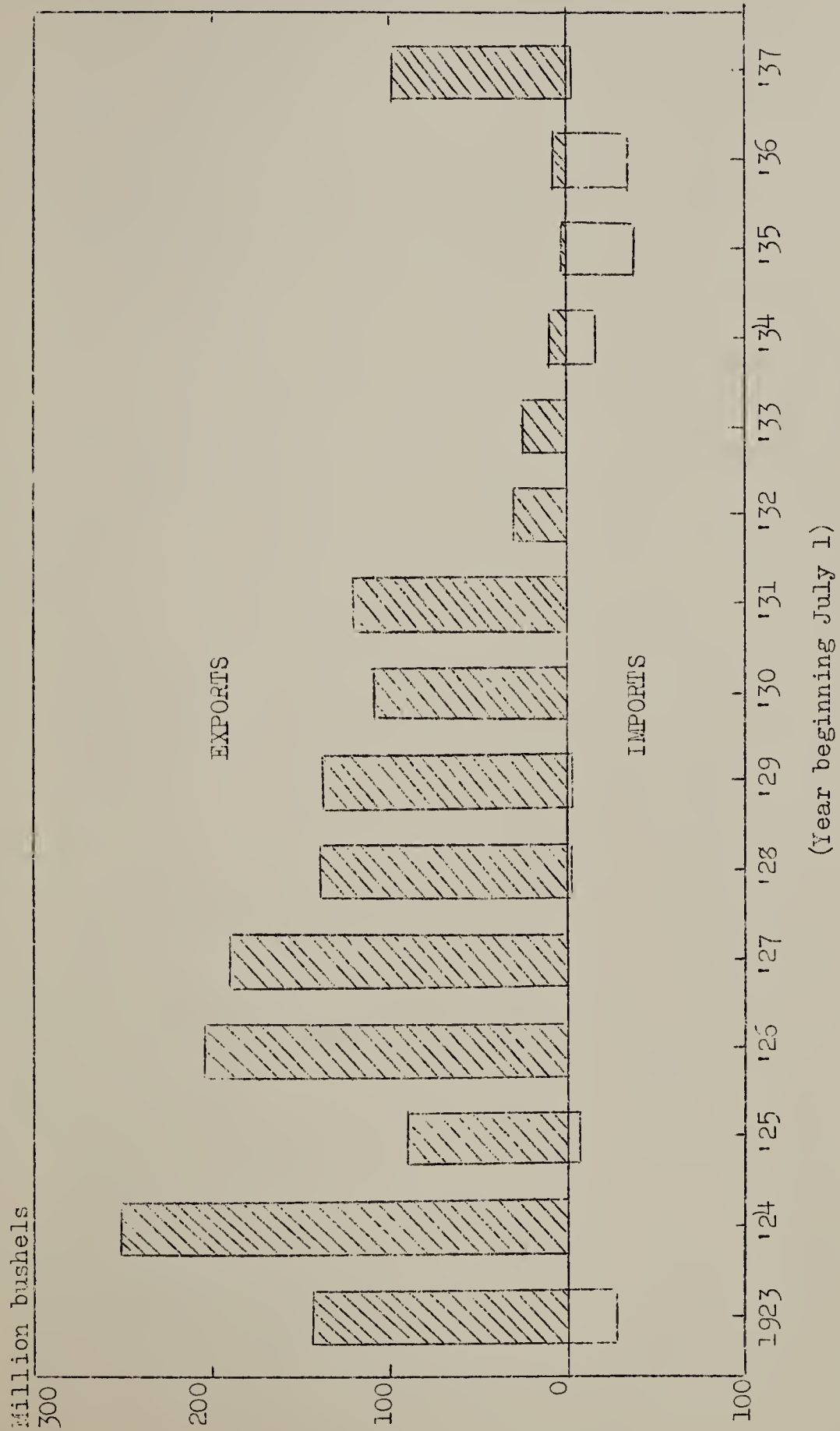
-The Story on a Chart-

Million bushels



REGAINING WHEAT EXPORT MARKETS

-The Story on a Chart-



EXPORTS AND IMPORTS OF CORN, WHEAT AND PORK PRODUCTS

Year	CORN /1		WHEAT (incl. flour)		PORK /4	
	Year Beginning October 1 (1000 Bushels)		Year Beginning July 1 (1000 Bushels)		Year Beginning July 1 (1000 Pounds)	
	EXPORTS	IMPORTS	EXPORTS /2	IMPORTS /3	EXPORTS	IMPORTS
1923	19,900	2,295	146,006	14,578	1,934,223	1,712
1924	9,197	2,892	254,968	304	1,400,149	10,029
1925	23,696	357	94,617	1,747	1,172,685	8,390
1926	15,928	3,750	206,011	77	1,012,667	21,004
1927	19,204	2,940	191,227	188	1,046,306	15,067
1928	40,581	342	141,220	91	1,112,395	11,820
1929	8,074	846	140,354	53	1,138,588	6,188
1930	2,380	1,386	112,428	354	791,354	3,838
1931	3,848	377	122,897	7	679,748	5,264
1932	8,291	173	31,866	10	686,462	4,487
1933	4,266	882	25,598	153	705,982	1,897
1934	701	36,952	10,531	14,069	355,072	4,010
1935	511	21,089	4,207	34,617	159,103	25,398
1936	136	103,643	9,267	34,455	168,735	62,417
1937/6	131,522/5	1,796 5/	100,069	634	269,842	64,582

1/ Corn grain

2/ Includes flour milled from domestic wheat only; 1923-35 estimated on basis of total exports less wheat imported for milling in bond and exports adjusted for changes in carryover.

3/ Excludes wheat for milling in bond and export, and flour imported in bond for export.

4/ Includes fresh canned and pickled pork, bacon, hams, and shoulders; Wiltshire and Cumberland sides; lard and neutral lard; lard oil.

5/ October 1937 to August 1938, inclusive.

6/ Preliminary.

Compiled from official records of the Bureau of Foreign and Domestic Commerce and milling in bond reports.

MONTHLY EXPORTS AND IMPORTS OF CORN, WHEAT, AND PORK PRODUCTS

-The Story in Figures-

	Corn		Wheat		Pork Products	
	EXPORTS	IMPORTS	EXPORTS /1	IMPORTS /2	EXPORTS /3	IMPORTS /4
	Grain (bu.)	Grain (bu.)	Grain including flour (bu.)	Grain including flour (bu.)	(lb.)	(lb.)
July 1937	13,329	15,735,316	2,739,570	518,427	13,222,172	7,644,861
August	9,910	11,194,424	6,406,409	103,007	11,831,030	6,773,856
September	2,212	5,732,932	3,597,833	1,528	13,016,378	5,824,354
October	157,492	1,180,326	8,614,279	1,223	23,397,454	6,188,873
November	1,712,560	177,231	7,939,597	1,070	26,260,388	4,860,812
December	3,862,165	151,567	11,102,659	744	29,551,948	5,247,177
January 1938	13,254,284	39,286	9,902,994	4,258	26,750,005	3,755,044
February	16,250,248	40,254	9,964,678	425	23,085,072	3,327,911
March	9,006,818	54,432	9,960,979	1,012	24,911,086	6,777,252
April	20,248,250	54,892	8,166,067	1,229	22,471,114	5,159,529
May	25,408,688	38,083	12,777,715	286	29,710,766	4,499,093
June	13,342,985	41,098	8,596,224	400	25,634,947	4,823,205
1937 Totals	103,268,941	34,439,841	100,069,004	633,609	269,842,360	64,881,967
July 1938	15,631,190	13,929	12,249,053	240	22,186,539	4,744,227
August	12,647,280	5,173	11,004,213	888	17,328,835	4,045,007

/1 Includes flour from United States wheat only.

/2 Excludes grain from milling in bond and reexport, and flour "free for export."

/3 All pork, including lard and neutral lard.

/4 Including fresh pork, hams, shoulders, bacon, pickled and salted pork, and lard.

OVERCROPPING BRINGS SOIL LOSSES

-The Story in Words-

Soil erosion is not a new problem. It has been going on ever since cultivation began. But in recent times--with land surface being bared of a protective covering more and more continuously under present farming practices--it has become a much more serious problem.

Evidence that overcropping greatly accelerates erosion may be found in any of the older farming areas of the United States. In the South and Southeast, erosion has caused the abandonment of millions of acres. In the North Central region,* where cultivation has been going on for a much shorter time, only about 2.1 percent of the land has been actually destroyed by erosion. (See following chart.) But a large percent of this area is subject to severe erosion and may soon be worthless for cropping unless farming practices are altered.

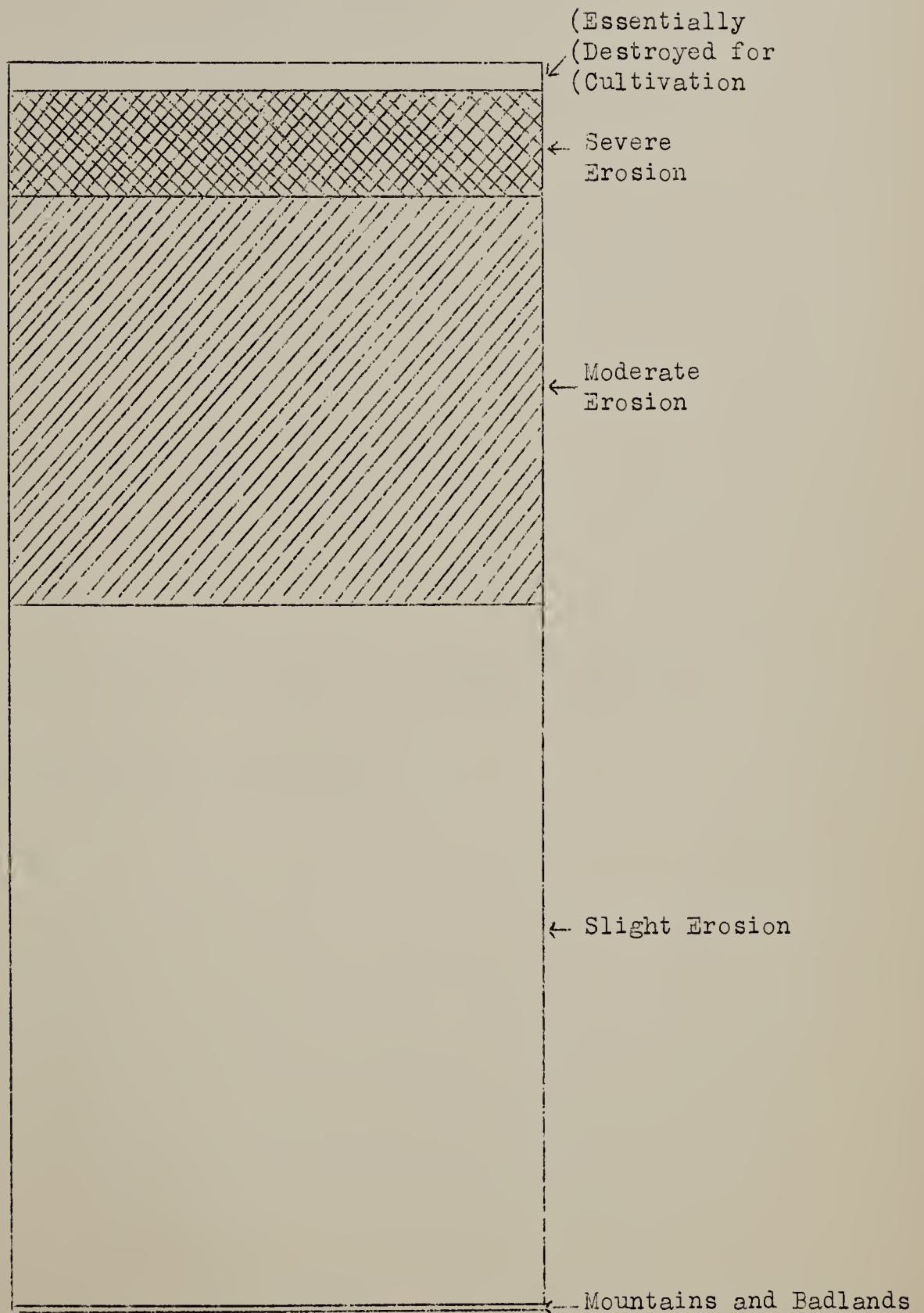
Soil erosion experiment stations have carried on studies to show soil erosion losses from land under corn and wheat. They show that the average loss of soil from land in corn amounts to 46 tons per acre, while the loss is reduced to 5.7 tons per acre from land under wheat in rotation.

At Bethany, Missouri, the annual loss of soil shown from raising corn on an 8-percent slope averaged 68 tons per acre. A heavy soil-conserving crop such as grass, alfalfa, or lespedeza on this same slope reduced the annual loss to .29 tons per acre. At this rate erosion would strip the more productive 7 inches of top soil off this land in 16 years on land growing corn, whereas it would take 3,900 years to remove this same amount of soil on land growing a heavy soil-conserving crop.

* Census divisions, East North Central and West North Central, including Kansas and North Dakota.

OVERCROPPING BRINGS SOIL LOSSES

-The Story On a Chart-
Acreage Affected and Degree of Erosion in
North Central Area



OVERCROPPING BRINGS SOIL LOSSES

-The Story in Figures-

Acreages Affected and Degree of Erosion in North
Central Area*

	Acreage	Percent
Slight Erosion	270,713,029	56.0
Moderate Erosion	157,151,159	32.5
Severe Erosion	41,721,857	8.6
Essentially Destroyed for Tillage	10,266,161	2.1
Mountains, Mesas, and Badlands	3,945,702	.8
Total Area	483,797,908	100.0

* Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska and Kansas.

Source: U. S. Department of Agriculture,
Reconnaissance Erosion Survey.

CONTINUOUS SOIL-DEPLETING CROPS REDUCE YIELDS

-The Story in Words-

This chart is based on experiments in crop rotation conducted over a period of 44 years by the Illinois College of Agriculture on the Morrow test plots. The land consisted of experimental plots. Weather and soil conditions were identical. The seed used in each of the three plots was from the same source, but in one plot of land corn was grown every year, in the second plot corn and oats were alternated, and in the third plot a rotation of corn, oats, and clover was maintained with phosphate, lime, and manure added to the soil.

For the plot planted continuously to corn, the yield in 1908, the 21st year of the experiment, was less than one-half of what it was in the first year of the experiment. By 1923, after 35 years of successive cropping with corn, the yield had fallen to one-third of its original size. This is an indication of what may be expected by farmers who treat their land in a similar manner.

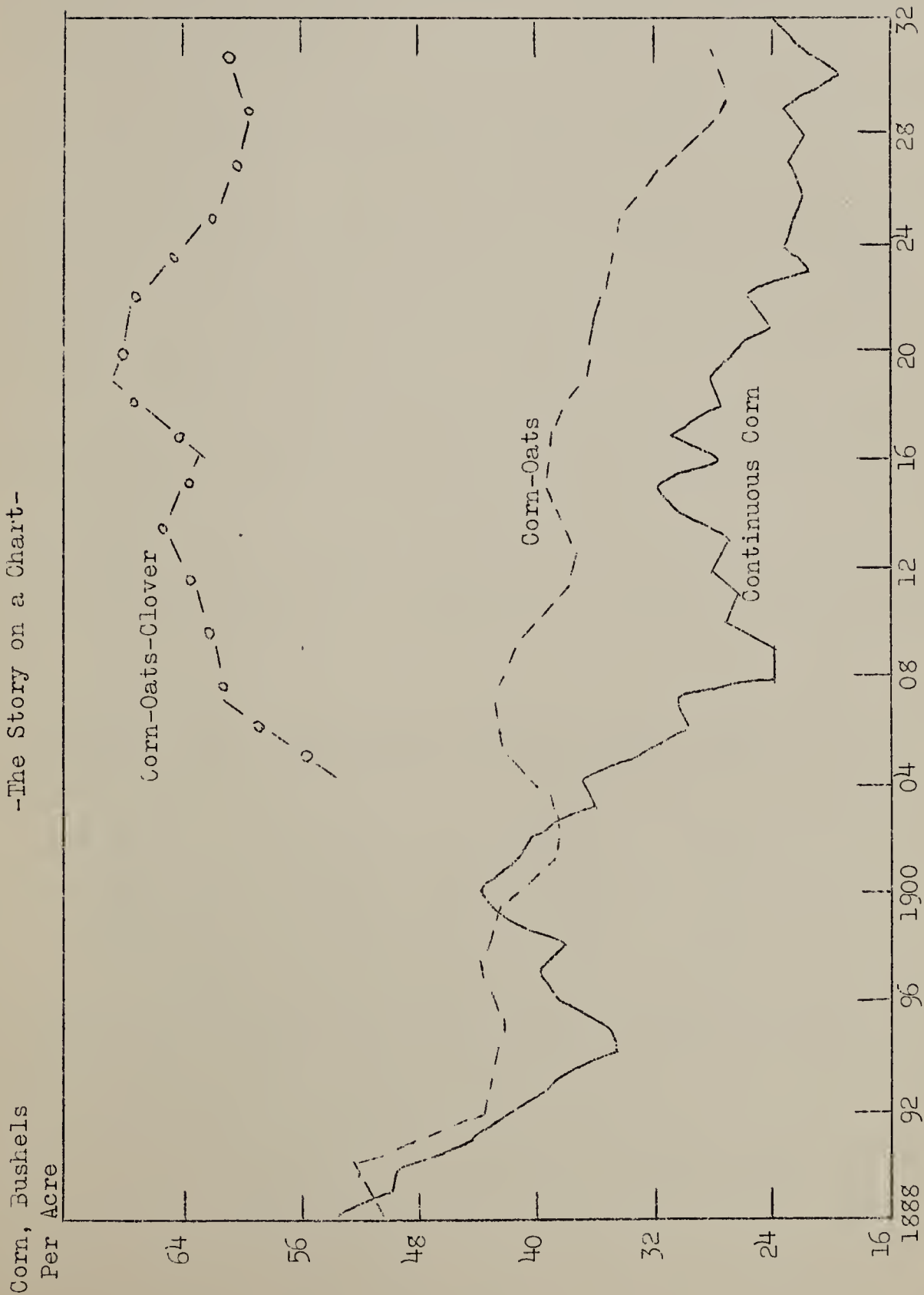
On the plot where a rotation of oats and corn was maintained, the corn yield at the end of 43 years was one-half of what it was when the land was freshly broken.

On the third plot where a rotation of corn, oats, and clover was followed, supplemented by applications of manure, phosphate and lime, yields increased by 17 percent over a 28-year period. This is an indication of what can be accomplished by the application of good farming practices.

The land devoted to these test plots was level, and therefore the dangers of soil losses from overcropping are not indicated. The plots were located upon some of the most fertile land in the Corn Belt.

CONTINUOUS SOIL-DEPLETING CROPS REDUCE YIELDS

-The Story on a Chart-



Data from Morrow Plot Tests, College of Agriculture, Univ. of Ill.

AAA FARM PROGRAM OFFERS LARGER INCOMES TO CORN GROWERS

- The Story in Words and Figures -

The program offers incomes of about 71 to 73 cents per bushel for planting corn within acreage allotments. This is the total of the following three amounts:

(1) The 57 cent rate of the renewal loan on 1937 corn is used, since the rate of the loan on 1938 corn cannot be determined until around December 1, 1938.

(2) The conservation payments of 9 to 10 cents per bushel, which are offered on the normal yield of the corn acreage allotment, represent the Federal Government's share in the nation-wide Agricultural Conservation Program. The payments are intended to compensate the farmer, at least partially, for the cost of conserving soil fertility and contributing to balanced production.

(3) The price adjustment payments of 5 to 6 cents per bushel, which are offered on the normal yield of the corn acreage allotment, are designed to supplement the incomes of corn farmers.

All farmers should make a strong effort to cooperate in the 1939 Farm Program because farmers who do not cooperate lose the advantage of the corn loans and the two types of payments. Consequently, farmers' incomes are usually smaller if they do not take part in the program.

In August 1938, the national average farm price of corn was 48 cents per bushel. The average prices of corn in the North Central Region were:

Ohio - - - - -	49¢	Indiana - - - - -	46¢
Illinois - - - - -	44¢	Michigan- - - - -	54¢
Wisconsin- - - - -	55¢	Minnesota - - - - -	40¢
Iowa - - - - -	39¢	Missouri- - - - -	48¢
South Dakota - - - - -	39¢	Nebraska- - - - -	43¢

These average farm prices compare with the 71 to 73 cents per bushel available to farmers who cooperate in the 1939 AAA Farm Program.

AAA FARM PROGRAM OFFERS LARGER INCOMES TO WHEAT FARMERS

- The Story in Words and Figures -

The program offers incomes of 86 to 90 cents per bushel for planting wheat within acreage allotments. This is the total of the following three amounts:

- (1) The 1938 wheat loan of 60 cents per bushel.
- (2) The conservation payments of 16 to 18 cents per bushel on the normal yield of the wheat acreage allotment.
- (3) The price adjustment payments of 10 to 12 cents per bushel on the normal yield of the wheat acreage allotment.

All farmers should make a strong effort to cooperate in the 1939 Farm Program because farmers who do not cooperate lose the advantage of the wheat loans and the two types of payment. Consequently, farmers' incomes are usually smaller if they do not take part in the program.

In August 1938, the national average farm price of wheat was 51 cents per bushel. The average prices of wheat in the North Central Region were:

Ohio - - - - -	57¢	Minnesota - - - - -	56¢
Indiana- - - - -	54¢	Iowa- - - - -	54¢
Illinois - - - - -	54¢	Missouri- - - - -	53¢
Michigan - - - - -	53¢	South Dakota- - - - -	51¢
Wisconsin- - - - -	66¢	Nebraska- - - - -	49¢

These average farm prices compare with the 86 to 90 cents per bushel available to farmers who cooperate in the 1939 AAA Farm Program.

AAA FARM PROGRAM OFFERS LARGER INCOMES

-The Story on a Chart-

86-90¢

Price Adjustment Payment	10-12¢
Conservation Payment	16-18¢
	60¢

71-73¢

Price Adjustment Payment	5-6¢
Conservation Payment	9-10¢
	57¢

New
Loan
Rate
on
1937
Corn

Farm Price
(National
Average
August
1938)

Farm Price
(National
Average
August
1938)

C O R N

W H E A T

